



December 2008

Dear Friends and Customers:

In recent months, we have all read media reports of problems at certain banks. These problems have often been the result of risky lending at very large institutions. These problems do not apply to First Trust & Savings Bank where we focus on serving Whiteside and upper Rock Island counties and have never engaged in these risky lending practices.

First Trust & Savings Bank is well-capitalized. In fact, Bauer Financial Reports, Inc. has awarded First Trust & Savings Bank a Five-Star Superior rating, which is its highest rating. Five-star institutions are safe, financially sound, and are generally operating with twice the capital required by regulators. As a result, First Trust will not be taking any government handouts at the expense of the taxpayer.

Deposits at First Trust are insured by the FDIC. On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. You can be confident that your insured deposits are safe. FDIC insurance is backed by the full faith and credit of the United States government. Since the FDIC was established, no depositor has ever lost a single penny of FDIC-insured funds.

In 2005, First Trust joined forces with Old Farmers & Merchants State Bank to better serve our hometown communities. During the Great Depression, the President of the United States ordered all banks to close temporarily. Edwin Hanson, President of Old Farmers & Merchants State Bank, gained national attention by refusing to lock his doors. Although physically removed by federal marshals, Mr. Hanson returned the next business day to see that the bank continued to serve its customers in every legal way.

Today many customers still cite their loyalty to the bank for having remained open without loss to their fathers and grandfathers during the Great Depression.

Adhering to sensible, conservative standards has kept First Trust safe and secure for generations. As a result, we continue to lend to businesses and individuals – a quality essential to keeping our community strong and families secure in their homes.

If you are a customer, thank you for banking at First Trust & Savings Bank. We look forward to serving our local community for many years to come.

Sincerely,

Mark Hanson
President & CEO



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